

State of Alaska FY2011 Governor's Operating Budget

Department of Revenue Alaska Retirement Management Board Component Budget Summary

Component: Alaska Retirement Management Board

Contribution to Department's Mission

The mission of the Alaska Retirement Management Board is to manage state pension funds.

Core Services

- Invest the funds of the state pension plans: Public Employees' Retirement System, Teachers' Retirement System, Judicial Retirement System, Alaska National Guard and Alaska Naval Militia Retirement System, Health Reimbursement Arrangement Plan, Retiree Major Medical Plan, and Health Care Trust Accounts
- Select and monitor appropriate investment options for Supplemental Benefits System (SBS), Deferred Compensation, and Defined Contribution Plan
- Report to the governor, legislature, individual employers and other stakeholders the financial condition of the systems with regard to: valuation of trust fund assets and liabilities; current investment policies adopted by the board; a summary of assets held in trust listed by the categories of investment; the income and expenditures for the previous fiscal year; and 1-year, 3-year, 5-year and 10-year investment performance for each of the funds entrusted to the board

Results at a Glance

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)

END RESULT A: Improve the risk adjusted return of funds under the stewardship of the ARMB by continually improving investment returns.

- FY2009 target returns were exceeded in 2 of the 12 return analyses.
 - **Status of Strategies to Achieve End Result**
 - Multiple investment opportunities were studied during the annual education meeting.

Key Component Challenges

- Managing investment risk during times of market volatility.
- Achieving actuarial rate of return during a period of low interest rates.
- Evaluating asset allocation and new investment opportunities for both defined benefit and defined contribution plans.

Significant Changes in Results to be Delivered in FY2011

No changes in results delivered.

Major Component Accomplishments in 2009

- The Alaska Retirement Management Board continues to improve investment options for participants across all defined contribution plans: supplemental annuity plan, deferred compensation, and the defined contribution plan established in 2005 under Chapter 9, FSSLA 2005 (SB 141).
- Received IRS authorization for new trust structure allowing for streamlined investing and reporting for defined benefit plans.
- Financial statements were redesigned to be more user friendly.

Statutory and Regulatory Authority

AS 37.10.210-390 Alaska Retirement Management Board

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**Alaska Retirement Management Board
Component Financial Summary**

All dollars shown in thousands

	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	47.8	74.8	74.8
72000 Travel	200.6	124.9	124.9
73000 Services	5,844.9	7,692.7	7,542.7
74000 Commodities	105.4	7.5	7.5
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	6,198.7	7,899.9	7,749.9
Funding Sources:			
1004 General Fund Receipts	143.5	382.5	382.5
1017 Benefits Systems Receipts	1,025.9	1,547.2	1,547.2
1029 Public Employees Retirement System Fund	3,370.1	3,927.1	3,824.6
1034 Teachers Retirement System Fund	1,512.3	1,912.5	1,865.9
1042 Judicial Retirement System	28.3	44.3	43.5
1045 National Guard & Naval Militia Retirement System	5.6	86.3	86.2
1142 Retiree Health Ins Fund/Major Medical	113.0	0.0	0.0
Funding Totals	6,198.7	7,899.9	7,749.9

Estimated Revenue Collections

Description	Master Revenue Account	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Authorized	FY2011 Governor
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Benefits System Receipts	51390	1,025.9	0.0	0.0	1,547.2	1,547.2
Restricted Total		1,025.9	0.0	0.0	1,547.2	1,547.2
Total Estimated Revenues		1,025.9	0.0	0.0	1,547.2	1,547.2

**Summary of Component Budget Changes
From FY2010 Management Plan to FY2011 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2010 Management Plan	382.5	0.0	7,517.4	7,899.9
Adjustments which will continue current level of service:				
-Reverse One Time Item for Performance Consultant Audit	0.0	0.0	-150.0	-150.0
FY2011 Governor	382.5	0.0	7,367.4	7,749.9

Component Detail All Funds
Department of Revenue

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Management Plan	FY2011 Governor	FY2010 Management Plan vs FY2011 Governor	
71000 Personal Services	47.8	74.8	74.8	74.8	74.8	0.0	0.0%
72000 Travel	200.6	124.9	124.9	124.9	124.9	0.0	0.0%
73000 Services	5,844.9	7,692.7	7,692.7	7,692.7	7,542.7	-150.0	-1.9%
74000 Commodities	105.4	7.5	7.5	7.5	7.5	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	6,198.7	7,899.9	7,899.9	7,899.9	7,749.9	-150.0	-1.9%
Fund Sources:							
1004 Gen Fund	143.5	382.5	382.5	382.5	382.5	0.0	0.0%
1017 Ben Sys	1,025.9	1,547.2	1,547.2	1,547.2	1,547.2	0.0	0.0%
1029 P/E Retire	3,370.1	3,927.1	3,927.1	3,927.1	3,824.6	-102.5	-2.6%
1034 Teach Ret	1,512.3	1,912.5	1,912.5	1,912.5	1,865.9	-46.6	-2.4%
1042 Jud Retire	28.3	44.3	44.3	44.3	43.5	-0.8	-1.8%
1045 Nat Guard	5.6	86.3	86.3	86.3	86.2	-0.1	-0.1%
1142 RHIF/MM	113.0	0.0	0.0	0.0	0.0	0.0	0.0%
General Funds	143.5	382.5	382.5	382.5	382.5	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	6,055.2	7,517.4	7,517.4	7,517.4	7,367.4	-150.0	-2.0%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Revenue

Component: Alaska Retirement Management Board (2813)

RDU: Taxation and Treasury (510)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2010 Conference Committee To FY2010 Authorized *****												
FY2010 Conference Committee												
	ConfCom	7,899.9	74.8	124.9	7,692.7	7.5	0.0	0.0	0.0	0	0	0
1004 Gen Fund		382.5										
1017 Ben Sys		1,547.2										
1029 P/E Retire		3,927.1										
1034 Teach Ret		1,912.5										
1042 Jud Retire		44.3										
1045 Nat Guard		86.3										
Subtotal		7,899.9	74.8	124.9	7,692.7	7.5	0.0	0.0	0.0	0	0	0
***** Changes From FY2010 Authorized To FY2010 Management Plan *****												
Subtotal		7,899.9	74.8	124.9	7,692.7	7.5	0.0	0.0	0.0	0	0	0
***** Changes From FY2010 Management Plan To FY2011 Governor *****												
Reverse One Time Item for Performance Consultant Audit												
	OTI	-150.0	0.0	0.0	-150.0	0.0	0.0	0.0	0.0	0	0	0
1029 P/E Retire		-102.5										
1034 Teach Ret		-46.6										
1042 Jud Retire		-0.8										
1045 Nat Guard		-0.1										
Totals		7,749.9	74.8	124.9	7,542.7	7.5	0.0	0.0	0.0	0	0	0

This reverses a one-time appropriation for the department to engage a contractor to conduct an audit of the Alaska Retirement Management Board's performance consultant, as required under AS 37.10.220 (11).

Line Item Detail
Department of Revenue
Travel

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000	Travel		200.6	124.9	124.9
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000 Travel Detail Totals			200.6	124.9	124.9
72100	Instate Travel	Instate airfare, surface transportation, lodging, meals & incidentals.	66.3	56.6	58.3
72400	Out Of State Travel	Out of state airfare, surface transportation, lodging, meals & incidentals.	134.3	68.3	66.6

Line Item Detail
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor	
73000	Services		5,844.9	7,692.7	7,542.7	
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor	
73000 Services Detail Totals			5,844.9	7,692.7	7,542.7	
73025	Education Services	Training, conferences, memberships, and employee tuition	50.0	63.2	55.9	
73050	Financial Services	Accounting, auditing, management and consulting services	1,070.2	2,378.6	1,805.0	
73075	Legal & Judicial Svc	Transcription services	25.1	32.8	30.0	
73150	Information Technlgy	IT consulting, software licensing, and software maintenance including investment management tools	877.2	1,264.9	1,261.1	
73156	Telecommunication	Local, long distance, cellular and telecommunications equipment charges; data/network; and television	35.4	37.9	38.3	
73225	Delivery Services	Delivery and courier services; use of services fluctuates depending on the needs of the board trustees, number of trustees, and number of meetings held	10.3	13.6	13.0	
73450	Advertising & Promos	Advertising	7.7	15.0	15.0	
73525	Utilities	Document disposal	0.0	0.4	0.4	
73650	Struc/Infstruct/Land	Repairs, maintenance, rentals and/or leases of structures or infrastructure	26.1	28.6	29.3	
73675	Equipment/Machinery	Repairs, maintenance, rentals and/or leases of office furniture and equipment	19.1	23.5	20.0	
73805	IT-Non-Telecommnctns	Admin	ETS chargeback for computer services (including EPR, MICS charges for mainframe usage, and VPN)	13.9	12.5	12.0
73806	IT-Telecommunication	Admin	ETS chargeback for telecommunications EPR, line fees and service requests	41.0	34.0	35.0
73808	Building Maintenance	Admin	Maintenance and upgrades on state-owned facility	0.0	1.6	0.4
73809	Mail	Admin	Central mailroom services including pick up and delivery of U.S. mail, postage, mailing of state warrants	5.8	5.3	5.3

Line Item Detail
Department of Revenue
Services

Component: Alaska Retirement Management Board (2813)

RDU: Taxation and Treasury (510)

Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor	
73000 Services Detail Totals			5,844.9	7,692.7	7,542.7	
73810	Human Resources	Admin	Human resource and payroll services provided by the Division of Personnel	21.8	19.4	23.0
73811	Building Leases	Admin	Cost of space in state owned facility	101.0	81.7	98.8
73812	Legal	Law	Legal services provided by the Department of Law	93.7	136.1	136.1
73814	Insurance	Admin	Risk Management	0.5	0.5	0.5
73815	Financial	Admin	Division of Finance AKSAS/AKPAY	2.7	3.0	3.0
73816	ADA Compliance	Labor	Share of cost for ADA compliance	0.4	0.4	0.4
73818	Training (Services-IA Svcs)	Admin	Training provided by state agencies	0.3	0.4	0.4
73819	Commission Sales (IA Svcs)	Admin	State Travel Office fees	2.6	2.0	1.3
73827	Safety (IA Svcs)	Admin	Security services	1.0	1.0	1.0
73979	Mgmt/Consulting (IA Svcs)	Admin	Investment auditing and consulting services provided by Retirement & Benefits	68.4	123.7	121.8
73979	Mgmt/Consulting (IA Svcs)	Admin	Actuarial consulting	44.4	60.0	80.0
73979	Mgmt/Consulting (IA Svcs)	Revenue-Treasury	Staffing provided by Treasury Division	3,064.1	3,273.5	3,676.6
73979	Mgmt/Consulting (IA Svcs)	Revenue-Treasury	Reimburse Treasury for costs related to POB project	56.3	0.0	0.0
73979	Mgmt/Consulting (IA Svcs)	Revenue-ASD	Support services provided by the Administrative Services Division including fiscal, budget, IT, and procurement	56.9	78.0	78.0
73979	Mgmt/Consulting (IA Svcs)	Revenue-ASD	Treasury server relocation project	149.0	0.0	0.0
73979	Mgmt/Consulting (IA Svcs)	Revenue-CO	Support services provided by the Commissioner's Office	0.0	1.1	1.1

Line Item Detail
Department of Revenue
Commodities

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000	Commodities		105.4	7.5	7.5
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000 Commodities Detail Totals			105.4	7.5	7.5
74222		Books And Educational Text books, student materials, or any educational supply	0.7	0.0	0.0
74226		Equipment & Furniture Business equipment & furniture with value less than \$5.0	23.3	0.0	0.0
74229		Business Supplies Office supplies	8.8	2.6	2.6
74233		Info Technology Equip Desktop computers, printers, and other IT equipment less than \$5.0	31.5	4.1	4.3
74236		Subscriptions Subscriptions including electronic access to periodicals, or other information	25.6	0.5	0.5
74237	Legis	I/A Purchases (Commodities/Business) Directories of state officials, statute supplements	0.2	0.2	0.0
74480		Household & Instit. Institutional supplies including food, non-food, and cleaning	15.3	0.1	0.1

Restricted Revenue Detail
Department of Revenue

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Master Account	Revenue Description	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51390	Benefits System Receipts	1,025.9	1,547.2	1,547.2

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51390	Benefits System Rec Fees applicable to management of Retiree Health funds		04704130	11100	0.0	171.1	171.1
51390	Benefits System Rec Fees applicable to management of Deferred Compensation funds are received from Great West.		04704140	11100	192.9	344.5	344.5
51390	Benefits System Rec Fees applicable to management of SBS funds		04704180	11100	833.0	1,031.6	1,031.6

Inter-Agency Services
Department of Revenue

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2010			
				FY2009 Actuals	Management Plan	FY2011 Governor	
73805	IT-Non-Telecommnctns	ETS chargeback for computer services (including EPR, MICS charges for mainframe usage, and VPN)	Inter-dept	Admin	13.9	12.5	12.0
				73805 IT-Non-Telecommnctns subtotal:	13.9	12.5	12.0
73806	IT-Telecommunication	ETS chargeback for telecommunications EPR, line fees and service requests	Inter-dept	Admin	41.0	34.0	35.0
				73806 IT-Telecommunication subtotal:	41.0	34.0	35.0
73808	Building Maintenance	Maintenance and upgrades on state-owned facility	Inter-dept	Admin	0.0	1.6	0.4
				73808 Building Maintenance subtotal:	0.0	1.6	0.4
73809	Mail	Central mailroom services including pick up and delivery of U.S. mail, postage, mailing of state warrants	Inter-dept	Admin	5.8	5.3	5.3
				73809 Mail subtotal:	5.8	5.3	5.3
73810	Human Resources	Human resource and payroll services provided by the Division of Personnel	Inter-dept	Admin	21.8	19.4	23.0
				73810 Human Resources subtotal:	21.8	19.4	23.0
73811	Building Leases	Cost of space in state owned facility	Inter-dept	Admin	101.0	81.7	98.8
				73811 Building Leases subtotal:	101.0	81.7	98.8
73812	Legal	Legal services provided by the Department of Law	Inter-dept	Law	93.7	136.1	136.1
				73812 Legal subtotal:	93.7	136.1	136.1
73814	Insurance	Risk Management	Inter-dept	Admin	0.5	0.5	0.5
				73814 Insurance subtotal:	0.5	0.5	0.5
73815	Financial	Division of Finance AKSAS/AKPAY	Inter-dept	Admin	2.7	3.0	3.0
				73815 Financial subtotal:	2.7	3.0	3.0
73816	ADA Compliance	Share of cost for ADA compliance	Inter-dept	Labor	0.4	0.4	0.4
				73816 ADA Compliance subtotal:	0.4	0.4	0.4
73818	Training (Services-IA Svcs)	Training provided by state agencies	Inter-dept	Admin	0.3	0.4	0.4
				73818 Training (Services-IA Svcs) subtotal:	0.3	0.4	0.4
73819	Commission Sales (IA Svcs)	State Travel Office fees	Inter-dept	Admin	2.6	2.0	1.3
				73819 Commission Sales (IA Svcs) subtotal:	2.6	2.0	1.3
73827	Safety (IA Svcs)	Security services	Inter-dept	Admin	1.0	1.0	1.0
				73827 Safety (IA Svcs) subtotal:	1.0	1.0	1.0
73979	Mgmt/Consulting (IA Svcs)	Investment auditing and consulting services provided by Retirement & Benefits	Inter-dept	Admin	68.4	123.7	121.8
73979	Mgmt/Consulting (IA Svcs)	Actuarial consulting	Inter-dept	Admin	44.4	60.0	80.0
73979	Mgmt/Consulting (IA Svcs)	Staffing provided by Treasury Division	Intra-dept	Revenue-Treasury	3,064.1	3,273.5	3,676.6
73979	Mgmt/Consulting (IA Svcs)	Reimburse Treasury for costs related to POB project	Intra-dept	Revenue-Treasury	56.3	0.0	0.0
73979	Mgmt/Consulting (IA Svcs)	Support services provided by the Administrative Services Division including fiscal, budget, IT, and procurement	Intra-dept	Revenue-ASD	56.9	78.0	78.0

Inter-Agency Services
Department of Revenue

Component: Alaska Retirement Management Board (2813)
RDU: Taxation and Treasury (510)

<u>Expenditure Account</u>	<u>Service Description</u>	<u>Service Type</u>	<u>Servicing Agency</u>	<u>FY2009 Actuals</u>	<u>FY2010 Management Plan</u>	<u>FY2011 Governor</u>	
73979	Mgmt/Consulting (IA Svcs)	Treasury server relocation project	Intra-dept	Revenue-ASD	149.0	0.0	0.0
73979	Mgmt/Consulting (IA Svcs)	Support services provided by the Commissioner's Office	Intra-dept	Revenue-CO	0.0	1.1	1.1
73979 Mgmt/Consulting (IA Svcs) subtotal:				3,439.1	3,536.3	3,957.5	
74237	I/A Purchases (Commodities/Business)	Directories of state officials, statute supplements	Inter-dept	Legis	0.2	0.2	0.0
74237 I/A Purchases (Commodities/Business) subtotal:				0.2	0.2	0.0	
Alaska Retirement Management Board total:				3,724.0	3,834.4	4,274.7	
Grand Total:				3,724.0	3,834.4	4,274.7	